



Department of State

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INFO AMEMBASSY ISLAMABAD
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AMEMBASSY NEW DELHI
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CINCPAC
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CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PFOR, PINT, AF

SUBJECT: DAQUD GOVERNMENT AFTER SIX MONTHS - AN ASSESSMENT

REF: KABUL 7462; KABUL 8197NA

SUMMARY: SIX MONTHS AFTER TAKING POWER, DAQUD REGIME SEEMS STILL
LARGELY PREOCCUPIED BY SURVIVAL INSTINCTS AND DRIVE TO CONSOLIDATE
POWER, YET IN NO REAL IMMEDIATE DANGER. MAJOR POLICY AND PROGRAM
DECISIONS HAVE BEEN DELAYED OR PUT ASIDE WHILE SECURITY THREATS
ARE ADDRESSED. ACTION IN MANY MINISTRIES IS TAKEN ON AN AD HOC
BASIS WITHOUT ANY UNIFYING POLICY, ALTHOUGH INCREASINGLY ACTION
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IS AT LEAST BEING TAKEN, AS NEW OFFICIALS, FROM MINISTERS ON DOWN, ARE BECOMING MORE FAMILIAR AND CONFIDENT IN THEIR JOBS. UNCERTAINTY IS STILL RULE, HOWEVER; AND FORCEFUL LEADERSHIP IS LACKING OR ERRATIC IN MOST MINISTRIES. RUMORS CONTINUE TO ABOUND OF MAJOR IMPENDING PERSONNEL CHANGES AT ALL LEVELS. ONLY A FEW MAJOR NEW LAWS (POLICE CUSTOMS AND LABOR) HAVE BEEN PROMULGATED. ECONOMY HAS STARTED BACK FROM DEPTHS, BUT BUSINESSMEN ARE STILL VERY CAUTIOUS. THERE IS A WAIT-AND-SEE ATTITUDE AMONG MANY ABOUT NEW REGIME, AS PEOPLE AWAIT THOSE POLICY DECISIONS WHICH WILL DECIDE WHAT LONG-RUN CHARACTER OF GOVERNMENT WILL BE. RUMELINGS OF DISCONTENT ARE BEGINNING TO BE HEARD AS EXPECTATIONS AND PROMISES OF "BETTER LIFE FOR THE PEOPLE" HAVE NOT BEEN FULFILLED AND PRICES CONTINUE TO RISE. POPULAR DISCONTENT, IF IT CAN BE HARNESSSED BY BASIC ELEMENTS OF DISAFFECTION, COULD RISE AGAINST DAOUD REGIME; HOWEVER, POTENTIAL OPPOSITION REMAINS FRAGMENTED AND COWED BY BRUTAL TREATMENT METED OUT TO THOSE ACCUSED OF SUBVERSION IN RECENT MONTHS. RELATIONS WITH PAKISTAN HIT FURTHER LOW POINT RECENTLY, BUT GOA OBVIOUSLY REMAINS VERY WARY OF PROVOKING GOP TO POINT OF MILITARY ACTION. NEW SOVIET MILITARY EQUIPMENT HAS CONTINUED TO ARRIVE BUT EXACT QUANTITIES STILL IMPOSSIBLE TO ASCERTAIN. US POSITION HERE REMAINS SATISFACTORY, YET DAY-TO-DAY GOA HANDLING OF VARIOUS US PROGRAMS (AID, FC, AND USIS) SOMETIMES CONTRASTS SHARPLY WITH HIGH LEVEL ASSURANCES OF GOA DESIRE AND NEED FOR A CONTINUING, EVEN EXPANDING US PRESENCE. END SUMMARY.

1. THREATS TO REGIME

DAOUD REGIME HAS PASSED SIX MONTH MARK INTACT AS FAR AS ITS KEY PERSONNEL ARE CONCERNED AND ON SURFACE IS STILL IN COMPLETE CONTROL. AT SAME TIME, REGIME'S ALMOST COMPLETE PREOCCUPATION WITH SURVIVAL AND CONSOLIDATION OF ITS POWER IS INDICATIVE OF PRECARIOUS POSITION IN WHICH IT SEES ITSELF. IN GOA'S VIEW, MOST IMPORTANT EVENTS OF PAST SIX MONTHS HAVE BEEN TWO ALLEGED COUNTERCOUP ATTEMPTS. ARRESTS CONNECTED WITH THESE ATTEMPTS AT MINIMUM NUMBER IN THE HUNDREDS, ALTHOUGH MANY OF THOSE ARRESTED WERE SOON RELEASED. PRISONERS HAVE BEEN SUBJECTED TO VERY BRUTAL TREATMENT, GRUESOME DETAILS OF WHICH NOW DIFFUSING VIA THEIR FAMILIES INTO PUBLIC CONSCIOUSNESS. FIVE POLITICAL EXECUTIONS HAVE BEEN PUBLICLY ACKNOWLEDGED, THE FIRST SUCH INSTANCE IN OVER 40 YEARS. IN ADDITION, THERE HAVE BEEN NUMBER OF SCATTERED ANTI-REGIME DEMONSTRATIONS IN NORTH AND IN SOUTHERN TRIBAL AREAS, REPORTEDLY SPONSORED BY MULLAHS CALLING REGIME "COMMUNIST." THESE HAVE

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RESULTED IN MORE ARRESTS, PARTICULARLY OF RELIGIOUS LEADERS. COMBINATION OF PLOTTING AMONG EDUCATED AND TRADITIONAL LEADERSHIP CLASSES IN CITIES PLUS DISAFFECTION AMONG MULLAHS AND CONSERVATIVE TRIBESMEN COULD LEAD TO MORE COUNTERCOUP ATTEMPTS. REGIME'S GRISLY INTERROGATION STYLE FOLLOWED BY DEATH AND PRISON SENTENCES FOR MANY ACCUSED OF PLOTTING AGAINST IT WERE AIMED AS DETERRENT TO CONTINUED PLOTTING. ARRESTS FOR REAL OR DOMESTIC POLITICAL REASONS REPORTEDLY STILL CONTINUE DAILY; AND FAMILIES OF ARRESTED MEN HAVE STRONGLY EXPRESSED THEIR RESENTMENT OF GOVERNMENT ACTION. WHEN ONE ADDS PASHTUN REVENGE TRADITION (FOR DEATHS AND PRISON SENTENCES) TO EQUATION, REGIME'S FEARS OF CONTINUING OPPOSITION OR OF ASSASSINATION OF CHIEF OF STATE COULD BECOME SELF-FULFILLING PROPHECY. NONETHELESS, WE DO NOT ANTICIPATE A SERIOUS UPRISAL AGAINST REGIME IN NEXT THREE TO SIX MONTHS, BARRING THE UNPREDICTABLE POSSIBILITY OF ASSASSINATION. THERE IS STILL NO ALTERNATIVE TO DAUD IN SIGHT, AND WE CONTINUE TO BELIEVE THAT IN HIS STRUGGLE TO DOMINATE HIS LEFTIST "ALLIES," TIME IS ON DAUD'S SIDE.

2. STILL NO POLICY DIRECTION

REGIME'S FOCUS ON SECURITY AND SURVIVAL HAS MEANT THAT IT HAS NOT YET ANNOUNCED POLICY FOR MANY OTHER AREAS, SUCH AS BASIC ECONOMIC POLICY, INCLUDING BUDGET, DEVELOPMENT PLAN AND INVESTMENT LAW, OR FUTURE CONSTITUTIONAL ARRANGEMENTS. LACK OF PUBLICLY ANNOUNCED POLICY IN KEY AREAS GIVES SOME RISE TO CONTINUING RUMORS OF IMPENDING CHANGES IN GOVERNMENT, WITH MOST VERSIONS POINTING TO A REDUCTION OR ELIMINATION OF CERTAIN LEFTIST MEMBERS.

3. ECONOMY

AS RESULT POST COUP CRACKDOWNS ON MONEY MARKET AND SMUGGLING, ATTEMPTS TO CONTROL IMPORTED FOOD PRICES, PRESSURES ON BUSINESSMEN WHO HAD CONNECTIONS WITH THE PREVIOUS REGIME, AND GOVERNMENT ANNOUNCEMENTS SPEAKING OF PLANS FOR CONTROLS IN THE ECONOMY, ELIMINATING MIDDLEMEN (READ MERCHANTS) AND ENDING COMMERCIAL EXPLOITATION OF THE PEOPLE, MANY BUSINESSMEN WERE UNTIL VERY RECENTLY PREDICTING DISASTER FOR ECONOMY. AS IMPORTS AND EXPORTS SLOWED UP, MANY BUSINESSES CLOSED THEIR DOORS, AND MERCHANTS WERE REFUSING TO MAKE FUTURE COMMITMENTS. AFTER SIX MONTHS, HOWEVER, MOST BUSINESSMEN HAVE DECIDED THAT THEY MAY BE ABLE TO LIVE WITH NEW REGIME, BUT, IN VIEW OF UNCERTAINTIES, CONTINUE TO OPERATE CAUTIOUSLY. FREE MONEY MARKET IS NOW NEWLY BEING TOLERATED AND

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IMPORTS AND EXPORTS HAVE BEGUN TO FLOW AGAIN. RECENT APPOINTMENT OF SHAFIQ'S FORMER MINISTRE MOHAMMAD KHAN JALALLAH AS MINISTER OF COMMERCE HAS INCREASED LEVEL OF BUSINESS CONFIDENCE. ANNOUNCEMENT OF FORMATION OF HIGH ECONOMIC COUNCIL, CHAIRED BY PRESIDENT DAUD, HAS LED MANY TO BELIEVE THAT THE REGIME'S ECONOMIC POLICIES SHORTLY WILL BE DEFINED (BUT COUNCIL HAS NOT YET MET AND STAFF NOT YET ASSEMBLED). SOME ENCOURAGEMENT IS PROVIDED BY HIGH PRICES PREVAILING FOR AFGHANISTAN'S AGRICULTURAL PRODUCTS (COTTON AND HIDES ESPECIALLY) PLUS REPORTS THAT USSR MAINTAINING ITS PRICES ON FERTILIZER AND PETROLEUM PRODUCTS. FOREIGN EXCHANGE RESERVE POSITION REMAINS SATISFACTORY FOR PRESENT, BUT GOVERNMENT REPORTED TO BE IN TIGHT FISCAL SQUEEZE.

4. MILITARY SUPPLY

A. AFGHANISTAN IS CONCERNED ABOUT BUILDUP OF ARMS ON PART ITS NEIGHBORS. IT SEES IRAN RECTING MILITARY MACHINE FAR GREATER THAN WOULD BE

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ARAB STATES OR FROM AFGHANISTAN. AFGHANS TRADITIONALLY FEAR AN EXPANSIONIST IRAN. GOA ALSO SEES PAKISTAN BUILDING UP ITS FORCES AND USING THESE FORCES WITH THE HELP OF IRANIAN MILITARY HELICOPTERS) AGAINST ITS OWN PEOPLE IN BALUCHISTAN, AND MOVING FORCES INTO TRIBAL TERRITORIES ON AFGHANISTAN'S BORDERS. HOWEVER, GOA REALIZES IT IS NOW UNPREPARED FOR ANY MILITARY CONFRONTATION WITH PAKISTAN.

B. NEW SOVIET MILITARY EQUIPMENT HAS CONTINUED TO ARRIVE IN SUBSTANTIAL QUANTITIES, BUT REPORTS OF MASSIVE INFLUX OF SOVIET TANKS APPEAR TO HAVE BEEN EXAGGERATED. DAUD HAS MADE CLEAR TO US THAT HE INTENDS TO MODERNIZE HIS MILITARY FORCES. SOVIETS HAVE BEEN RE-EXAMINING AFGHAN NEEDS IN VIEW DAUD'S EXPECTATIONS. NO INFORMATION ON SOVIET CONCLUSIONS IS AVAILABLE; BUT WE BELIEVE USSR WILL PROVIDE MILITARY EQUIPMENT DESIGNED TO UPGRADE QUALITY AND/OR INCREASE QUANTITY AFGHAN ARSENAL. HOWEVER, DUE LACK TRAINING IN USE OF SOPHISTICATED WEAPONRY, WE DO NOT FORESEE SIGNIFICANT INCREASE IN MILITARY THREAT TO EITHER PAKISTAN OR IRAN IN FORESEEABLE FUTURE.

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5. DAOUD'S POSITION

AGAINST THIS CONFUSED MOSAIC OF ACTION AND INACTION, MOST OBSERVERS CONCLUDE THAT DAOUD IS SLOWLY GAINING IN AUTHORITY. AS VARIOUS POLICIES POPULARLY IDENTIFIED WITH YOUNG MILITARY LEFTISTS (E.G., CONTROLLED FOOD PRICES, SUPPRESSING MONEY MARKET) ARE SHOWN TO BE FAILURES AND ARE RESCINDED, PUBLIC STOCK OF LEFTISTS GOES DOWN. RECENT APPOINTMENT OF JALALLAR IS SEEN BY BOTH AFGHANS AND FOREIGN OBSERVERS AS DEFEAT FOR LEFTISTS, ESPECIALLY SINCE DAOUD REPORTEDLY ACTED ON HIS OWN FOR FIRST TIME IN MAJOR APPOINTMENT WITHOUT APPROVAL OF CENTRAL COMMITTEE. BUT DAOUD STILL SEEMS TO BE FORCED TO SHARE SOME ASPECTS OF HIS NOMINALLY ABSOLUTE AUTHORITY WITH THE GROUP OF YOUNG OFFICERS WHO CARRIED OUT THE COUP. THERE

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ARE HINTS, HOWEVER, THAT THEY ALSO REALIZE ALTERNATIVE TO DAUD COULD BE CHAOS OR BLOODY SUCCESSION OF STRUGGLES FOR SUPREMACY-- NEITHER OF WHICH ALTERNATIVES LIKELY TO BE APPEALING. HENCE, THE OUTLOOK CONTINUES TO FAVOR UNEASY CO-EXISTENCE AND LIMITED COOPERATION, WHICH WE BELIEVE FAVORS DAUD IN LONG RUN.

6. FOREIGN RELATIONS

A. PAKISTAN

PASHTUNISTAN ISSUE APPEARS HAVE RECEDED FOR MOMENT FROM ITS HIGHEST LEVELS OF INVECTIVE, BUT GOA COULD NOT AFFORD FOR DOMESTIC REASONS DROP MATTER COMPLETELY, EVEN IF DAUD'S PERSONAL OBSESSION WITH ISSUE WERE NOT A FACTOR. HIGH LEVEL ATTENTION PAID TO VISITING WALI KHAN WAS CLEARLY SIGNAL TO PAKISTANIS FO GOA POSITION. ABORTED VISIT OF MUMTAZ ALI BHUTTO ILLUSTRATES CURRENT TOUCHINESS OF BOTH CAPITALS. POTENTIALLY EXPLOSIVE NOMAD ISSUE WAS APPARENTLY SETTLED BY DEFAULT AFTER PAKISTANIS HAD MADE THEIR POINT. OBVIOUSLY TWO COUNTRIES MUST DEAL WITH EACH OTHER ON MORE ISSUES WHETHER THEY LIKE IT OR NOT, AND GOA EXTREMELY NARY OF PROVOKING PAKISTAN TO POINT OF MILITARY CONFRONTATION.

B. IRAN

RELATIONS WITH IRAN SLOWLY IMPROVING. FUTURE PACE CLEARLY DEPENDS ON GOA'S EVENTUAL DECISION TO RATIFY HELMAND WATERS TREATY, WHICH WE BELIEVE IS MATTER OF TIMING RATHER THAN PRINCIPLE. GOA REMAINS HIGHLY SUSPICIOUS OF POWERFUL, "WILY," NEIGHBOR YET, AS EVIDENCED IN SEISTAN BORDER CLASH, TWO GOVERNMENTS SEEM READY SETTLE SUCH MATTERS AMICABLY RATHER THAN RISK ESCALATION.

C. USSR

NUMBER OF VISITS BACK AND FORTH BETWEEN TWO COUNTRIES AT VARIOUS LEVELS HAVE SO FAR NOT RESULTED IN ANY REAL CHANGE IN RELATIONSHIP BETWEEN THEM. OUR PRESENT ASSESSMENT IS THAT A RECENT HIGH LEVEL VISITING SOVIET MILITARY MISSION NEGOTIATED NO NEW AGREEMENT INVOLVING SUPPLY OF NEW EQUIPMENT. ECONOMIC VISITS HAVE LED ONLY TO MORE ECONOMIC VISITS, INCLUDING ONE SOVIET TEAM CURRENTLY IN AFGHANISTAN; BUT THESE ARE NOT EXPECTED TO RESULT IN MORE THAN A MODERATE IMPROVEMENT IN THE TERMS OF TRADE FOR AFGHANISTAN. AFGHANISTAN CONTINUES TO HAVE CLOSE, FRIENDLY RELATIONSHIP WITH SOVIET UNION, BUT ANY NEW DIRECTION AS RESULT OF COUP HAS YET TO EMERGE, AND SOME RECENT INDICATION THAT GOA GREATLY DISAPPOINTED IN LEVEL OF SOVIET ECONOMIC HELP THUS FAR OBTAINED.

D. INDIA

GOA HAS MADE FAIRLY STRONG EFFORT TO OBTAIN INDIAN ASSISTANCE AND

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CLOSER ASSOCIATION BETWEEN TWO STATES. INDIANS HAVE SUPPLIED PLANNING ASSISTANCE FOR THE MINISTRY OF PLANNING AND MAY BE WILLING TO PROVIDE MORE TRAINING AND MINIMAL MATERIAL ASSISTANCE TO THE AFGHAN ARMY AND POLICE. AN INDIAN MILITARY MISSION WILL ARRIVE SHORTLY IN KABUL, THOUGH DRAMATIC RESULTS ARE NOT ANTICIPATED.

RELATIONS WITH PRC HAVE COOLED SOMEWHAT OVER PERIOD AS GOA HAS EMPHASIZED ITS DESIRE (BASED NO DOUBT ON ITS PERCEPTION OF WHO CAN BEST PROVIDE ITS NEEDS) TO MAINTAIN CLOSE, PERHAPS EVEN CLOSER, RELATIONS WITH USSR. PRC ECONOMIC ASSISTANCE PROGRAMS CONTINUE AMIDST INDICATION THEY MAY BE QUIETLY REDUCED.

OUR PRESENCE AND OUR ASSISTANCE APPEAR TO BE STRONGLY DESIRED BY NEW REGIME, AND WE CONTINUE TO RECEIVE ASSURANCES OF FRIENDSHIP FROM EVERY LEVEL OF THE GOVERNMENT, EVEN FROM MINISTERS (E.G., EDUCATION) SAID TO BE AMONG MOST LEFTIST IN GOVERNMENT. LACK OF PROGRESS ON OUR AID PROJECTS AND LACK OF FORMAL REQUESTS FOR FURTHER AID TO BACK UP GENERALIZED AFGHAN STATEMENTS OF INTENT MAY BE NO MORE THAN RESULT OF INCAPACITY AND CONFUSION IN GOVERNMENT, INTENSIFIED BY DELIBERATE SABOTAGE FROM PARCHANISTS IN STRATEGIC SPOTS IN SOME MINISTRIES. STRONG NATIONALISM OF NEW REGIME AS WELL AS FIRM DESIRE OF DAQUD GOVERNMENT TO FIND AFGHAN SOLUTIONS TO AFGHAN PROBLEMS TIES IN WELL WITH OUR CONGRESSIONALLY MANDATED CHANGE IN AID PHILOSOPHY EMPHASIZING A MORE COLLABORATIVE STYLE. WHEN AMBASSADOR TOLD NAIM (DAQUD'S BROTHER AND CHIEF FOREIGN AFFAIRS ADVISOR) THAT HE WOULD ONLY WANT TO UNDERTAKE PROJECTS WHICH HE WERE SURE WERE DESIGNED BY AND STRONGLY DESIRED BY AFGHANISTAN, HE INDICATED HIS FULL AGREEMENT WITH THIS APPROACH. IN SPITE VARIOUS DECISIONS WHICH DO OR WOULD ADVERSELY AFFECT SOME OF OUR AID, PC AND USIS PROGRAMS, WE BELIEVE DAQUD SINCERELY WANTS CONTINUED US PRESENCE IN ORDER HELP MAINTAIN BALANCE OF FOREIGN INFLUENCE WHICH FORMER KING SO ASSIDUOUSLY ATTEMPTED MAINTAIN. TRANSLATING THIS DESIRE INTO PRODUCTIVE DAY-TO-DAY RELATIONSHIP ON SPECIFIC MATTERS IN UNSETTLED POLITICAL ATMOSPHERE DESCRIBED ABOVE REMAINS FORMIDABLE TASK, FOR HIM AND FOR US.

COUP HAS ALREADY COST AFGHANISTAN SIX MONTHS OF INDECISION AND STAGNATION. WHILE THERE ARE SOME SIGNS THAT DECISION-MAKING COULD PICK UP, UNCERTAINTY IS STILL RULE RATHER THAN EXCEPTION. DAQUD

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APPEARS TO BE GETTING STRONGER, AND DESPITE CONTINUING CONCERN ABOUT OPPOSITION AND SECURITY, DOES NOT SEEM SERIOUSLY THREATENED. THE COUNTRY HAS AT LEAST SUPERFICIALLY ADJUSTED TO REGIME, AND MANY BUSINESSMEN FOR EXAMPLE FEEL THEY CAN LIVE WITH IT; BUT DELAYS IN ISSUING DEFINITIVE POLICY STATEMENTS WILL CONTINUE TO CONTRIBUTE TO UNCERTAINTY AND CAUTION. GOA PLANS STRENGTHEN ITS ARMED FORCES IN HOPES IT CAN EVENTUALLY ACHIEVE ITS PASHTUN DREAM WHEN KHUTTO STUMBLES, AS MOST AFGHANS ARE CONVINCED HE WILL. DAQUD'S BLINDERS ON THIS ISSUE COULD AGAIN CAUSE SERIOUS, EVEN CRITICAL PROBLEM WITH PAKISTAN; BUT WE BELIEVE THREAT TO REGIONAL STABILITY IS LONG-TERM MORE THAN IMMEDIATE.
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